

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

AID-05 CEA-01 CIAE-00 COME-00 EB-04 EA-06 FRB-01

INR-05 IO-04 NEA-06 NSAE-00 RSC-01 OPIC-06 SP-02

TRSE-00 CIEP-01 LAB-01 SIL-01 SWF-01 OMB-01 NSC-05

SS-15 STR-01 L-01 FEAE-00 INT-05 SCI-02 AEC-05 AECE-00

ACDA-05 DRC-01 /099 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 7628

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY THE HAGUE PRIORITY

USMISSION OECD PARIS

C O N F I D E N T I A L EC BRUSSELS 8049

E.O. 11652: GDS

TAGS: PFOR, ENRG, EEC

SUBJECT: EC COUNCIL, OCTOBER 15: ENERGY

1. BEGIN SUMMARY: AT THE OCTOBER 15 EC COUNCIL SESSION IN  
LUXEMBOURG, FRANCE QUESTIONED THE COMPATIBILITY OF THE ECG PROGRAM  
AND THE EC ENERGY POLICY. THE EC COMMISSION IS EXPECTED TO GIVE ITS  
OPINION ON THEI QUESTION BEFORE OCTOBER 29. OTHER MEMBER STATES  
DISAGREED WITH THE FRENCH VIEW. WHETHER THERE WILL BE A SERIOUS  
DISPUTE WITHIN THE COMMUNITY BETWEEN FRANCE AND THE OTHERS REMAINS  
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TO BE SEEN. END SUMMARY.

2. DURING THE RESTRICTED PROTION OF THE EC COUNCIL SESSION IN LUXEMBOURG ON OCTOBER 15, FRENCH FOREIGN MINISTER SAUVAGNARGUES EXPRESSED RESERVATION ABOUTH THE WORK OF THE ECG. HE OBSERVED THAT FRANCE IS NOT OPPOSED TO COLLABARATION ON ENERGY MATTERS IN ABROADER CONTEXT, BUT WANTS TO AVOID THE CREATION OF A FRONT OF CONSUMER COUNTRIES IN OPPOSITION TO THE PRODUCERS, AS WELL AS DILUTION OF COMMUNITY IDENTITY IN LARGER BODIES. THE RESOURCE-SHARING ASPECT OF THE IEP HE WENT ON, COULD TAKE ON THE ASPECT OF A CONSUMERS' SFRONT, WHILE NOT MEETING THE CURRENT AND REAL PROBLEMS OF PRICES, RELATIONS WITH PRODUCING COUNTRIES, AND REDUCED DEPENDENCE ON OIL. SAUVAGNARGUES ALSO RAISED THE QUESTION OF THE COMPATABILITY OF ANY EVENTUAL COMMITMENTS BY MEMBER STATES IN THE IEP WITH THE PROCESS OFDEFINING THE EC'S COMMON ENERGY POLICY. SAUVAGNARGUES ALSO CLAIMED THAT IT WAS IMPROPER FOR MEMBER STATES TO DISCUSS IN OTHER FORA ISSUES WHICH WERE UNDER CONSIDERATION WITHIN A COMMUNITY CONTEXT.

3. OTHER DELEGATIONS AT THE COUNCIL MEETING IN RESPONDING TO SAUVAGNARGUES' PRESENTATION ASSERTED THAT THERE IS NO INCOMPATIBILITY BETWEEN THE IEP AND THE DEVELOPMENT OF A COMMON ENERGY POLICY WITHIN THE EC. THEY DENIED ANY ESIRE FOR CONFRONTATION WITH PRODUCING COUNTRIES AND URGED THAT THE EC COMMON ENERGY POLICY BE WORKED OUT AS SOON AS POSSIBLE. THEY FURTHER POINTED OUT THAT THE IEP ENVISAGES THE POSSIBILITY OF COMMUNITY PARTICIPATION AND ALSO EMPHASIZED THAT THE COMMITMENTS OF PARTICIPATING COUNTRIES SHOULD AND NEED NOT INTERFERE WITH THEIR ROME TREATY COMMITMENTS. EC COMMISSIONER SIMONET ALSO POINTED OUT THAT THE COMMISSION ALREADY HAS OBSERVER STATUS AT THE OECD AND THEREFORE ENJOYS SUCH STATUS IN ANY SUB-SIDIARY BODIES.

4. COMMISSION SOURCES INFORMED US TODAY THAT THE COMMISSION HAS BEEN CALLED UPON TO FORMULATE POSITIONS ON TWO ISSUES RELATING TO THE IEP. THE FIRST IS THE LEGAL QUESTION OF WHETHER THE IEP IS COMPATIBLE WITH ARTICLE 103 OF THE EURATOM TREATY. (ARTICLE 103 SETS UP PROCEDURES FOR ASSURING THAT CONFIDENTIAL

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MEMBER STATES DO NOT CONCLUDE AGRREEMENTS WITH OTHER PARTIES ON MATTERS WITHIN THE PURVIEW OF THE EURATOM TREATY UNLESS THE EMEMBER STATE HAS SATISFIED ANY POSSIBLE OBJECTIONS BY THE COMMISSION ON THE GROUNDS OF INCOMPATIBILITY OF THE NEW AGREEMENTS WITH THE TREATY). OUR SOURCE CHARACTERIZED THIS LEGAL ISSUE AS RELATIVELY MINOR. HE HOPED THAT THE COMMISSION WOULD ENDORSE A FAVORABLE LEGAL OPINION ON THIS QUESTION AT ITS OCTOBER 23 MEETING. THE SECOND ISSUE THE COMMISSION IS

EXPECTED TO ADDRESS IS THAT OF THE POLITICAL AND ECONOMIC COMPATIBILITY OF THE IEP WITH THE EC COMMON ENERGY POLICY. A COMMISSIONSOURCE INFORMS US THAT SIMONET IS WRITING TO OTHER COMMISSION MEMBERS TO URGE THEIR SUPPORT FOR THE VIEW THAT THERE IS NO INCOMPATIBILITY. (NOTE: SIMONET PREVIOUSLY INFORMED US THAT DAVIGNON WAS IN THE PROCESS OF WRITING THE COMMISSION ON THIS SUBJECT-- SEE EC BRUSSELS 7919). THE COMMISSION IS EXPECTED TO PRESENT ITS VIEWS ON THIS ISSUE TO THE MEMBER STATES PRIOR TO OCTOBER 29.

5. THE ATMOSPHERE DURING YESTERDAY'S COUNCIL DISCUSSIONS ON ENERGY WAS DESCRIBED AS "TENSE" AND "STRAINED." ACCORDING TO PARTICIPANTS IN THE MEETING, OTHER EC MEMBERS WERE ANNOYED BY SAUVAGNARGUES' PRESENTATION AND ATTEMPT TO DISTORT THE SENSE OF THE IEP AND THE PROPOSED NEW ENERGY AGENCY. (BELGIAN FOREIGN MINISTER VAN ELSANDE SAID LFF-THE-RECORD TO REPORTERS AFTER THE MEETING THAT THE FRENCH VERSION WAS A "CARICATURE OF THE TRUTH" AND "GROSSLY UNFAIR.")

6. COMMENT: THE IMPLICATIONS OF FRANCE'S TOUGH POSTURE AT YESTERDAY'S COUNCIL MEETING REMAIN TO BE SEEN. AT FIRST SIGHT THE OTHER EIGHT AND THE COMMISSION APPEAR TO HAVE FENDED OFF THE FRENCH CHARGES OF INCOMPATIBILITY BETWEEN EC ENERGY POLICY AND THE IEP. A SOURCE IN SIMONET'S CABINET SAYS THAT SAUVAGNARES' TOUGH STATEMENT FAILED TO SALM THE DOOR EVEN ON FRENCH PARTICIPATION IN THE NEW AGENCY. NEVERTHELESS, WE CANNOT RULE OUT THAT SAUVAGNARGUES' STATEMENT IS THE OPENING OF A FINAL SEROUS FRENCH EFFORT TO TEST THE WILL OF THE EIGHT AND THE COMMISSION ON THE IEP COMPLEX OF ISSUES.  
END COMMENT.GREENWALD

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